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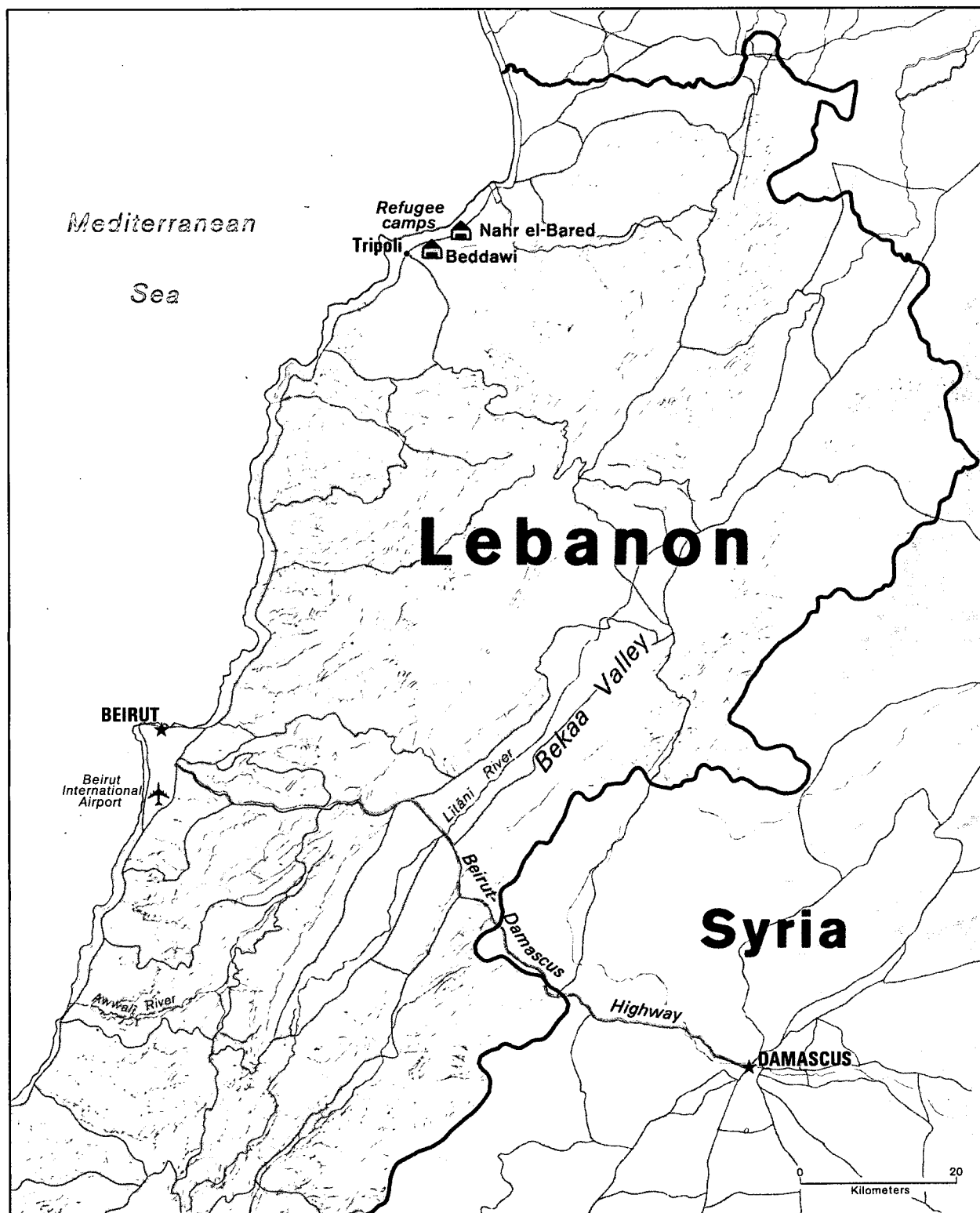
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SYRIA-PALESTINIANS: Fighting Continues

PLO radical forces continued their offensive yesterday despite Arab calls for an end to the fighting. [REDACTED]

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Arab states are intensifying their efforts to preserve Arafat's leadership. Saudi Arabia on Saturday publicly called on Syria to intervene to stop the fighting and sent an envoy to Damascus to urge Syrian moderation. Kuwait, Egypt, Sudan, Jordan, Algeria, and Tunisia have expressed concern about Syria's role in the conflict. [REDACTED]

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Comment: Arafat apparently believes resistance in Tripoli would inflict heavy losses on his opponents if they attacked the city and will buy time to mobilize Arab pressure against Syria. [REDACTED]

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Arab concern, however, will not deter President Assad from supporting the PLO radicals against Arafat. Assad will continue to claim that the conflict is strictly between Palestinians. This obviously false assertion demonstrates Assad's confidence in Syrian political dominance in the Arab world. [REDACTED]

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If Arafat manages to escape, he will attempt to build a new Fatah around the sizable nucleus of supporters outside Lebanon. The damage to his prestige, however, would leave the organization and Arafat personally with little political influence in the Middle East. If he is killed or captured, Arafat's followers will be even more hard pressed to maintain an organization capable of competing with the radicals for Palestinian leadership. [REDACTED]

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TURKEY: Election Results

Turkey's military rulers are surprised by the results of the election on Sunday, but they probably will be encouraged by the conservative credentials of the front-runner. [redacted]

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Still unofficial returns indicate that the moderate Motherland Party, headed by Turgut Ozal, is on its way to a substantial victory over the left-of-center Populists and the military-backed Nationalist Democracy Party. Official returns and the distribution of seats in the Grand National Assembly will not be announced until later this week.

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Comment: Ozal's victory is a serious setback for the generals and a strong disappointment for Evren. As the generals assess the official results, however, they may see a possibility of working with Ozal. Ozal supports tight internal security and is the chief architect of the economic reforms enacted by the generals. [redacted]

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The makeup of the Assembly will depend on the distribution of votes among Turkey's electoral districts. A heavy concentration in a few areas could reduce the Motherland Party's seat count and result in a "hung parliament." A more even distribution could give Motherland a comfortable majority. [redacted]

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Before the election Evren made known that—irrespective of the outcome—he wanted to retain Bulend Ulusu as Prime Minister. If Motherland receives a majority of seats, however, Evren will be under great pressure to appoint Ozal prime minister. With a majority, Ozal also could be in a strong position to name other cabinet members.

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Nonetheless, Ozal would press his claims cautiously. Evren still has considerable popularity and constitutional authority, and he retains the backing of the armed forces. [redacted]

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WEST GERMANY: Dual-Key Proposal for INF

Christian Social Union leader Franz Josef Strauss last week elaborated on his earlier recommendation for dual control of INF, reviving the debate on proposals for a West German veto.

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Strauss explained to the press that he favors a scheme under which INF missiles would be placed in the hands of the basing country while the nuclear warheads would remain under US control. Meanwhile, Social Democratic disarmament expert Karsten Voigt repeated his call for West German veto power over the use of INF missiles based in West Germany. Voigt argued that this would provide Bonn a "finger on the safety catch," not on the nuclear trigger.

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Christian Democratic Union Secretary General Geissler immediately reacted by rejecting the need for any additional US guarantees regarding a European voice in the use of nuclear weapons. In addition, a senior Defense Ministry official argued that dual control would tempt the USSR to blackmail individual Alliance members and weaken the NATO deterrent.

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Comment: Strauss probably is concerned about the intensity of opposition in West Germany to INF and may believe a two-key arrangement could deflect some of the criticism. Variations of the dual-key proposal are being endorsed by some Social Democratic and Green Party members. Most prominent political leaders in Bonn, however—including Social Democratic caucus leader Vogel and party Vice Chairman Horst Ehmke—oppose any arrangements giving West Germany even the appearance of control over INF.

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The Kohl government probably will continue to reject the dual-key concept and will argue that existing NATO consultation arrangements are adequate. The issue may resurface in the Bundestag INF debate later this month and may be used to embarrass the government, but it is unlikely to affect the outcome of the debate.

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ITALY: Debate on INF

Prime Minister Craxi hopes for a political triumph when the lower chamber of the Italian Parliament debates INF next Monday and Tuesday, but the vote could be closer than he expects. [redacted]

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Craxi intends to present his government's case for deployment personally. He hopes that the debate, and the vote on INF that is almost certain to follow, will provide a strong reaffirmation of support for his government's arms control policy and a serious setback for the Communists. [redacted]

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The US Embassy says Craxi will place the onus on the Soviets for the impasse at the Geneva INF talks. He also will attempt to counter his Communist critics by portraying them as unwitting supporters of the Soviets at best. [redacted]

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Italian officials say Craxi will take US and Allied concerns on sensitive INF issues into account in preparing for the debate. They acknowledge, however, that he will be guided primarily by domestic political considerations. The Embassy believes, for example, that Craxi is likely to reiterate earlier ambiguous statements about including French and British nuclear systems in the negotiations some time in the future. [redacted]

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Comment: Craxi currently seems to be in a strong position to win the debate and vote, but the final tally could be less than the resounding victory he wants. Although the governing parties should be able to provide a comfortable margin on an initial open vote, they could have difficulty maintaining parliamentary discipline during the secret vote that may follow. [redacted]

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During the recent secret votes, as many as 20 deputies have defected to the opposition to protest Craxi's policies and leadership. If private anti-INF and anti-Craxi sentiments coalesce during a secret vote, the government's margin could narrow considerably. [redacted]

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USSR: Long-Term Transportation Program

A senior Soviet transportation official recently announced that a comprehensive plan for a transportation program through the year 2000 has been developed. []

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The plan proposes that a new centralized organization oversee all transportation ministries and unify the transport system. The program includes an important role for foreign assistance. Construction of a 250-kilometer coal slurry pipeline in central Siberia to relieve railroad congestion, for example, was singled out as one of the projects that would require help from the West. []

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Comment: The transportation program is one of several long-term plans the Soviets have developed to assign resources more efficiently for national economic problem areas. There was no specific mention, however, of an increase in resources slated for the transportation sector. The program is broad and, when approved, will enlarge the authority of First Deputy Premier Aliyev who oversees the transportation sector in the Politburo. []

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The plans for the transportation sector are tied closely to the development of existing and future energy programs. []

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SYRIA: Reserve Callup

Syrian radio yesterday broadcast bulletins calling up some categories of military reservists. Some non-Syrian news agencies claimed the action was the prelude to a general mobilization. The US Embassy in Damascus, however, suspects that the Syrians may have planted at least one of these news agency reports, and it has not yet been able to confirm that a mobilization is under way. A source of the US defense attache in Tel Aviv reports the Israelis are concerned about the Syrian move and believe it will increase tensions. []

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Comment: Fear of US reprisals for the Beirut bombing is probably the primary reason for the apparently limited callup, which appears intended to demonstrate Syrian resolve. Damascus also may be responding to the Israeli reserve callup exercise announced last Thursday but not yet initiated. Syria's armed forces—reinforced since last spring with large numbers of reservists—are already at a high level of readiness. []

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JAPAN-NORTH KOREA: Reaction to Bombing in Rangoon

Japan, in response to Burma's announcement last Friday of North Korean responsibility for the bombing, has banned official travel to North Korea and contact between Japanese and North Korean diplomats in third countries. Tokyo also plans to deny entry visas to North Korean officials and to discourage unofficial travel between the two countries. Japan, which has no diplomatic relations with North Korea, already denies Export-Import Bank credits and export guarantees for trade with P'yongyang. Tokyo has not severed trade and cultural ties, but Japanese officials claim the travel restrictions will limit these exchanges and stall renegotiation of an unofficial bilateral fishing agreement. []

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Comment: Japan would prefer to avoid stronger sanctions, partly for domestic reasons. Japan has a strong fishing lobby and 670,000 Korean residents—about 40 percent of whom are sympathetic to the North. Tokyo also argues that completely isolating North Korea might aggravate its tendency to resort to violence. During President Reagan's visit this week, Japanese leaders probably will want to discuss US and Japanese responses to the bombing. []

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NICARAGUA: Reconciliation Among Insurgents

Anti-Sandinista insurgent leader Eden Pastora announced his reconciliation with Alfonso Robelo in Panama yesterday, reversing his recent statement that he was withdrawing from the Democratic Revolutionary Alliance. Leaders from the four groups in the Alliance also announced formation of a policymaking body of members from each group and additional at-large members. This new body, called the Democratic Assembly, will direct political and military strategy and establish procedures to settle conflicts between Alliance groups. Pastora and Robelo will begin a tour of the US today to seek support.

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Comment: Pastora's erratic leadership has irritated other members of the Alliance and weakened both his political and his military standing. The broadened leadership structure reflects Pastora's loss of influence. Robelo probably will attempt to use the Assembly to establish links with the Honduran-based Nicaraguan Democratic Force—a move Pastora has resisted. The Assembly's first test, however, may come if it tries to create a unified general staff, as Robelo reportedly favors.

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BELGIUM: INF Debate in Parliament

Prime Minister Martens probably will win the votes on constitutional questions related to INF deployment by a narrow margin following the parliamentary debate today. The opposition Socialist parties called for a debate on whether Belgium should deploy, but, according to the US Embassy, the government broadened the initial debate to cover whether the cabinet or the parliament holds the constitutional right to make the deployment decision. The Martens government, which contends the decision is the cabinet's prerogative, will ask a formal vote of confidence on the issue.

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Comment: By making the first vote one of confidence and by keeping it concentrated on constitutional issues, the coalition probably can keep any waverers in line and be assured of at least a six-seat margin. After parliament endorses cabinet supremacy on INF decisionmaking, further votes on deployment will not be binding on the government. Nevertheless, Belgian leaders probably will delay a decision to deploy INF until mid-1984, although basing preparations will continue.

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CZECHOSLOVAKIA: Moves to Forestall Protests

Czechoslovak police have threatened dissidents with prison terms if they publicly condemn the planned deployment of Soviet nuclear missiles in Czechoslovakia in response to NATO INF deployments, according to a West European press report. Emigre sources cited by the press say the police detained more than 15 leading members of the Charter 77 human rights organization last week, including dissident playwright Vaclav Havel and former Foreign Minister Jiri Hajek. The police reportedly warned them that such criticism would be treated as subversion. Recently the party newspaper admitted that it has received letters questioning the Soviet deployments. []

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Comment: The move against the dissidents reflects Prague's concern that public reaction to the Soviet deployments would further alienate the population from the regime. The admission by the party newspaper suggests that negative reaction is already too widespread for Prague to ignore. The regime may also wish to demonstrate to Moscow the political costs of accepting Soviet missiles to make a case for compensation, perhaps to defray the economic costs of siting the missiles. []

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WEST GERMANY-EC: Dissatisfaction With Steel Policy

Bonn is threatening to increase subsidies to its steel industry if the EC does not help curb foreign steel sales to West Germany. The industry is urging Bonn to lobby for higher production quotas for West Germany and lower quotas for other EC members in hopes of limiting imports of heavily subsidized steel from other EC countries. Steelmakers also want new EC barriers against steel imports from non-EC members, complaining that the West German market receives an inordinately large share—40 percent in the first half of 1983—of all such imports. []

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Comment: The EC is unlikely to take any new action against imports soon. Surging purchases of foreign steel and the industry's poor financial health increase the chances that Bonn will grant new subsidies. Such a move would reduce the likelihood that the EC Commission will be able to phase out national and EC steel subsidies by the end of 1985. Any further tightening of EC restrictions on steel imports would drive third countries toward stepping up exports to the US. []

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Special Analysis

PANAMA: Prospects for Elections

The sudden withdrawal of former National Guard Commander Paredes in September from the presidential race has disrupted the electoral plans of both the ruling Revolutionary Democratic Party and the opposition. President de la Espriella, who reportedly had hoped to extend his term of office by postponing the election, apparently has decided that this move would be politically unfeasible. The political disorder had made veteran opposition leader Arnulfo Arias the presidential front-runner. The military—which will remain in control in any case—distrusts him but is trying to win his cooperation.

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The election for national offices is currently scheduled for next May, and local elections are to be held in June. The new government is to take office on 11 October 1984. The final decision on the election timetable, however, rests with the military and with Defense Forces chief Noriega.

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The electoral calendar also calls for the official nomination period to open in December. Political parties will have until March to present their candidates.

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Fourteen parties have obtained the required 30,000 signatures needed to complete registration thus far, and several more parties probably will qualify during a final inscription period in early January. An official of the Electoral Tribunal says as many as 900,000 Panamanians will be eligible to vote.

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Attempt To Delay Elections

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De la Espriella apparently has come to believe that any modification of the electoral timetable will be seriously challenged unless it enjoys widespread support among the numerous political parties. Nevertheless, he probably would again consider schemes to delay elections if conditions offered some chance of success.

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Problems With Arias

The political elimination of Paredes and the constitutional prohibition against reelection of an incumbent president have left longtime opposition leader Arias the presidential front-runner. The 82-year-old Arias, who three times has been elected president and then ousted, remains the most popular political figure in Panama. The military, however, has strong objections to Arias because of his longstanding animosity toward the armed forces. [REDACTED]

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Both Noriega and de la Espriella apparently have sought to deter Arias's candidacy and secure his support. [REDACTED]

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Noriega has recently dropped several hints that the military remains opposed to Arias's candidacy. There are indications, however, that Arias plans to seek the presidency despite the military's disapproval. [REDACTED]

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Noriega is exploring other options meanwhile to ensure that the military remains firmly in control despite Arias's potential candidacy. [REDACTED]

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Outlook

Electoral maneuvering is only beginning, and both Noriega and Arias will continue to test each other's position until the last moment. Despite the apparent improvement in relations between the military and Arias, the two sides basically distrust one another, and a coalition between them seems unlikely. Moreover, Noriega—as the ultimate arbiter of power—will continue to ensure that the military retains its control. If the military's position appeared threatened, he probably would move to suspend the electoral process. [REDACTED]

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